

KEYSPAN ENERGY DELIVERY NEW ENGLAND  
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE 2-6

Date: February 14, 2006

Respondent: Leo Silvestrini

- Q. Refer to the calibration process of the End-use Model on pages 17-18 of the Company's filing. Please indicate:
- (a) when the Company decided to calibrate the model (e.g., threshold of load deviation between actual and forecast above which the calibration would be performed); and
  - (b) how the calibration is performed (e.g., define the period). If the calibration is performed on an annual basis, please discuss whether the adjustments made in the algorithms in 2002, for example, are carried over the years 2003 and 2004.
- A. (a) The Company prepares a formal, comprehensive study of available resources and load requirements for filing at the Department every four to five years. Approximately 6-9 months before filing, the Company prepares and analyzes a "backcast" to evaluate the accuracy of the forecast from the prior filing. The backcast allows for an analysis of the forecast accuracy by season and by customer class. The Company recalibrates the model when this analysis indicates: (1) that there is a deviation between forecasted volumes and actual volumes; and (2) the deviation appears to stem from an underlying change in the coefficient of a variable. The Company does not employ a set threshold or test to determine that recalibration is appropriate because there are any number of factors that may be affecting consumption patterns. Therefore, the Company needs to have the flexibility to assess the backcast results within the context of its knowledge of market conditions and trends, customer consumption patterns and other discrete factors that may be affecting actual consumption. If the Company believes, from the totality of circumstances, that a change in the relationship between one or more of the model inputs and outputs has occurred the Company will complete a recalibration of the model to adjust the coefficients and improve forecast accuracy.

- (b) The calibration of the model is an ongoing process; although the Company generally undertakes the most comprehensive and rigorous review of the model at the point that supply plan filings are prepared for the Department. Changes in the coefficients that come about as a result of a recalibration are carried forward year-to-year, unless further changes are implemented to the same coefficients.